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REQUIRED VERIFICATION ITEMS AND ACCEPTABLE DOCUMENTATION

REQUIRED VERIFICATION ITEMS

For applications selected for verification, the following data elements used in calculating the applicant's EFC *must* be verified:

Δ **Household Size** (Number of persons in the household)

Δ **Number Enrolled in Postsecondary Education** (Number of household members attending a postsecondary educational institution at least half time [6 credit hours for at least one term or 12 clock hours per week])

Δ **Adjusted Gross Income (AGI)** or income earned from work if AGI has not been calculated—either amount must be obtained for the base year (1996)

Δ **U.S. Income Tax Paid** for the base year

Δ **Certain Untaxed Income and Benefits** for the base year

»Social Security benefits, if certain conditions apply (see the “Verifying Untaxed Income and Benefits” section in this chapter)

»Child support received, if certain conditions apply (see the “Verifying Untaxed Income and Benefits” section)

»Untaxed payments to IRA and/or Keogh plans

»Foreign income exclusion

»Earned income credit

»Interest on tax-free bonds

»Other untaxed income from the U.S. income tax return (excluding schedules)

In addition to verifying the required application data items, you may choose to verify any other application item(s), requiring any reasonable documentation, in accordance with consistently applied institutional policies and procedures. (See Chapter Four, “Discretionary Verification.”)

**Discretionary
verification**

For applications selected for verification, five
types of information must be verified.

**REQUIRED
VERIFICATION**

Household Size
Number Enrolled in College
Adjusted Gross Income (AGI)
U.S. Income Tax Paid
Certain Untaxed Income/Benefits

REQUIRED DOCUMENTATION

For each required verification item, specific documentation is required, and you have the authority to require students to provide such documentation. As an aid in completing the verification process, ED has developed verification worksheets specifically designed to obtain most of the documentation needed. You may reproduce the 1997-98 worksheets you received in Action Letter #5 (GEN-96-22, November 1996), download the worksheets through EDE Express, or reproduce the worksheets on pages 13 through 16 of this guide.

**ED’s
verification
worksheets**

You may use a federal worksheet, your own worksheet, or no worksheet. When a student completes a verification worksheet and attaches the appropriate tax forms or alternative documents (discussed later), usually you will have enough data to complete the verification

process. Using a verification worksheet, therefore, simplifies the task of collecting and examining a student’s documentation.

A Tip for Collectin

Using worksheets is not mandatory; you may require other documentation in addition to, or instead of, a completed verification worksheet. The chart below shows other forms of acceptable documentation for each required verification item. Later in this chapter, these other documents are discussed in detail.

ACCEPTABLE DOCUMENTATION		Verification Worksheet & Tax Return(s)	Other Documentation (in lieu of Worksheet or Return)
	Household Size	✓	Signed Statement*
	Number Enrolled	✓	Signed Statement and/or Institutional Certification*
	AGI & Taxes Paid	✓	IRS Letter 1722, Form W-2, IRS Form 4868, and/or Signed Statement*
	Untaxed Income & Benefits	✓	Official Agency Documentation and/or Signed Statement*

*A general overview only—see the text
for specific requirements.

Using a Verification Worksheet

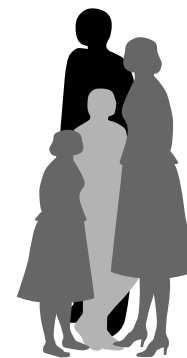
**Schools that
require
worksheets
must supply
them**

**Copied
signatures
and
documents
are acceptable**

If you require your students to complete verification worksheets, you must provide the worksheets because they are no longer sent automatically. Upon completing the appropriate worksheet and attaching a copy of the relevant income tax returns or alternative documents, students should submit the documents to the school, not to ED or to the FAFSA processor through which they applied. The school should make sure that all required worksheet sections are **completed and appropriately signed** and that the relevant tax returns or alternative documents are attached. **Copies (such as photocopies, telefaxes, digital images, etc.) of worksheets, tax returns, or other documentation are acceptable.** Unless specifically noted in this guide, an original signature—that is, a handwritten pen-and-ink signature that has not been copied—is **not** required.) After checking the documentation against the student’s application data, you may either disburse the student’s award or make the necessary corrections and updates. (See Chapter Three, “Completing The Verification Process.”)

VERIFYING HOUSEHOLD SIZE

As explained below, an applicant's household size generally includes any persons who are dependents of, or who receive more than half of their support from, the applicant's household. If the applicant completed a verification worksheet, no further documentation for this item is required. However, in lieu of the worksheet, you may accept a statement signed by the applicant (and at least one of the applicant's parents, for dependent students), listing the names of the household members, their relationships to the applicant, and their ages.



**Signed state-
ment in lieu of
completed
worksheet**

For Dependent Applicants

For federal student aid purposes, the following persons may be included in the household size of the dependent applicant:

- Δ the **applicant**
- Δ the **applicant's parents**, excluding a parent not living in the household as a result of death, separation, or divorce
- Δ the **applicant's siblings**,³ if they received or will receive **more than one-half** of their support⁴ from the applicant's parents between July 1, 1997 and June 30, 1998
- Δ the **applicant's children**, if they received or will receive **more than one-half** of their support from the applicant's parents between July 1, 1997 and June 30, 1998
- Δ the **applicant's parents' unborn child and/or the applicant's unborn child**, if that child will be born before or in the award year, and the applicant's parents will provide **more than one-half** of the child's support from the projected date of birth to the award year's end
- Δ **other persons**, if they live with, and receive **more than one-half** of their support from, the applicant's parents at the time of application and will continue to receive that support from July 1, 1997 through June 30, 1998

³ If a sibling would be considered dependent for the purposes of applying for federal student aid, he or she can be included in household size whether or not the applicant's parents provide more than half of that sibling's support. (The sibling does not actually have to be a student or actually apply for federal student aid to meet this exception.)

⁴ Support includes money, gifts, loans, housing, food, clothing, car payments or expenses, medical and dental care, and payment of college costs.

For Independent Applicants

The following persons may be included in the household size of the independent applicant:

- Δ the **applicant**
- Δ the **applicant's spouse**, excluding a spouse not living in the household as a result of death, separation, or divorce
- Δ the **applicant's dependent children**, if they received or will receive **more than one-half** of their support from the applicant's household between July 1, 1997 and June 30, 1998
- Δ the **applicant's and/or spouse's unborn child**, if that child will be born before or in the award year, and the applicant's household and/or spouse will provide **more than one-half** of the child's support from the projected date of birth to the award year's end
- Δ **other persons**, if they live with the applicant and receive **more than half** their support from the applicant's household at time of application and will continue to receive that support from July 1, 1997 through June 30, 1998

When Verification of Household Size is Not Required

You do not have to verify household size in the following situations:

- Δ The student's valid federal output document (SAR, *SAR Information Acknowledgement*, or ISIR—see definitions on page 4) is received within 90 days of the date the application was signed.
- Δ The household size is the same as the number reported for, and verified in, the previous award year.
- Δ For dependent applicants: The parents are married, and the household size reported on the output document is three; or the parent is single, divorced, separated, or widowed, and the household size reported is two.
- Δ For independent applicants: The applicant is married, and the household size reported is two; or the applicant is single, divorced, separated, or widowed, and the household size reported is one.

VERIFYING NUMBER ENROLLED IN POSTSECONDARY EDUCATION

For federal student aid purposes, an applicant may include in this number only those individuals who are counted in the household size and who will be attending a postsecondary educational institution at **least half time** (6 credit hours per term for at least one term or 12 clock hours per week) between July 1, 1997 and June 30, 1998. Such students must be working toward a degree or certificate leading to a recognized educational credential at an eligible Title IV school (see the 1996-97 *Federal Student Financial Aid Handbook*, Chapter Three, for more on institutional eligibility).

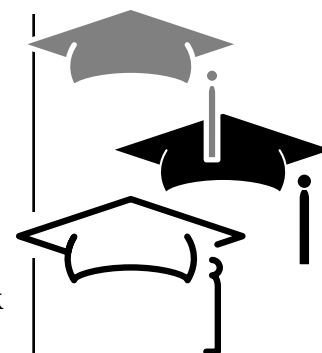
If the applicant completes a verification worksheet, no further documentation for this item is required. However, in lieu of the worksheet, you must require a **statement signed** by the applicant (and at least one of the applicant's parents, for dependent students). The statement should include the names and ages of those enrolled and the names of the institutions they plan to attend. If you still have reason to doubt the enrollment information reported, you should require the student to obtain documentation from the other students and institutions listed. (If a student in question has not yet registered, documentation from the institution may not be available.)

Note that the statement to verify the number enrolled in a postsecondary education institution may be combined with the household size statement.

When Verifying Number Enrolled in Postsecondary Education is Not Required

As with household size, you do not have to verify the number enrolled in a postsecondary institution in any of the following instances:

- △ The student's valid federal output document (SAR, *SAR Information Acknowledgement*, or ISIR—see definitions on page 4) is received within 90 days of the date the application was signed.
- △ The reported number enrolled is one (the applicant only).
- △ The family members the applicant lists are enrolled at least half time at your school, and you have confirmed their enrollment through your own records.



**Signed state-
ment in lieu of
completed
worksheet**



VERIFYING AGI AND U.S. INCOME TAX PAID

Most often you can verify AGI and U.S. Income Tax Paid by using a copy of the signed U.S. income tax return.⁵ Several IRS forms serve as acceptable alternative documentation, however, depending on the method of tax filing used. Whatever documentation you use must contain the required signatures (or preparer's official stamp) and must contain all data necessary for verification. If all necessary data are not present, the student must provide additional documentation, as described in this section.

Special Considerations

Legal Guardians. For federal student aid purposes, a legal guardian is a person whom a court appoints as the student's guardian (in a legal relationship that will continue after June 30, 1998) *and* whom the court directs to provide financial support to the student. On the FAFSA, the income and assets of a dependent student's legal guardian should be reported in the parental sections. The income and assets of the guardian's spouse would not be reported unless the court directed that those resources be used to support the student. Remember, though, that even if the spouse's income is not reported, the spouse is still included in the applicant's household size (see page 18).

⁵ One of the following income tax forms is considered an alternative to a U.S. Form 1040A or 1040EZ: the income tax return required by the tax code of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau. Information from these tax returns would be reported on the FAFSA in the same manner as U.S. tax information. Amounts are already reported in U.S. dollars and must be compared to the U.S. tax return line items in order to be verified.

Income Exclusions. In the past, some income amounts (such as child support paid) were “backed out” of the tax return AGI when that amount was reported on the FAFSA; therefore, the tax return AGI and the FAFSA AGI did not always match. Certain amounts are still excluded from the EFC calculation but are now built into the FAFSA itself and reported as separate line items (see the chart to the right). Now, the figure reported on the FAFSA should always match the tax return AGI, unless the FAFSA figure has been adjusted from a joint return (because of divorce or separation or because of a professional judgment). If the figures don’t match, a correction may be needed, as discussed in Chapter Three.

**Income Exclusions
for SFA Purposes**
(see Worksheet #3 in the
FAFSA Instructions)

- Δ taxable portions of grants, scholarships, FWS earnings, and other need-based work earnings
- Δ educational benefits or a living allowance provided under the National and Community Service Trust Act of 1993*
- Δ child support paid by the student or spouse, or by the parents

* The Act established the following three programs: AmeriCorps, AmeriCorps VISTA, and AmeriCorps National Civilian Community Corps.

Nonfilers. If any of the persons required to report information on the FAFSA was not required to file a tax return, an AGI figure would not be available. Such a person would instead report income earned from work, which includes any income reported on the W-2 forms of the student (and/or spouse, and/or parents) *plus* any other earnings from work not reported on those forms. (For student financial aid purposes, this income earned from work is **not considered** untaxed income.)

A properly completed verification worksheet sufficiently documents income earned from work. No further documentation is required. However, in lieu of a verification worksheet, you must require from each nonfiler a **signed statement** certifying his or her nonfiler status and listing the sources and amounts of income. (You can also require copies of the W-2 forms.)

If you question the claim that filing an income tax return was not required, you have conflicting information that must be resolved before you may disburse federal student aid to the student. (See the “Applications with Conflicting Information” section in Chapter One of this guide.)

Filing Extensions. If any of the persons required to report information on the FAFSA had not filed a tax return at the time of application, an estimated AGI would have been figured using Worksheet #1 on page 11 of the FAFSA instructions. At the time of verification, the necessary tax return(s) should have been filed and can be used for verification. If the return(s) has not been filed by then, other documentation is required as discussed later in this section. However, the student must eventually provide you with coq167

the Alaska Native Claims Settlement Act, as well as income from the Maine Indian Claims Settlement Act, should not be reported on the FAFSA.

Foreign Tax Filers. Income earned in a foreign country and taxes paid on that income are treated the same as U.S. income and taxes paid on that income, as long as taxes on the foreign income were paid to the central government of that country. In such a case, information from the foreign tax return would be reported on the FAFSA. (If the income was not taxed by that country or by the United States, it should be reported as untaxed income.) The value of the foreign income and taxes should be reported in U.S. dollars, using the exchange rate at the time of application).

For U.S. tax purposes, often a portion of foreign income can be excluded on Form 2555. The figure reported on line 43 of Form 2555 (or on line 18 of Form 2555EZ) should be reported as “untaxed income” on the FAFSA. The final total for Form 2555 must not be reported as untaxed income because it contains other exclusions.

Use of Form 2555

Using the Tax Return

Check the tax returns of the applicant, of his or her spouse (if the applicant is married), and of the applicant’s parents or legal guardian (if the applicant is dependent). Remember, those who were “eligible to file” a 1040EZ or 1040A are eligible for the Simplified Need Test, even if they filed another tax form. Therefore, you may encounter students who filed a tax return other than the type they specified on the FAFSA.

When verifying application information against a tax return, you may find the chart on the next page useful. The chart is provided as a reference only for the most commonly reported items; it is not an inclusive list of all the items you must check on a tax return.

1040 and 1040PC

1040A

1040EZ

Line Items

AGI	31	16	4
Income Tax Paid	44	25	10
Deductible IRA/Keogh	23a + 23b + 27	15c	
Earned Income Credit	54	29c	8
Tax-Exempt Interest Income	8b	8b	
Untaxed Portions of Pensions	15a minus 15b and 16a minus 16b	10a minus 10b and 11a minus 11b (excludes rollovers)	

The 1040PC is a relatively new way an applicant can file. The applicant prepares this return on a personal computer using an IRS-accepted print feature included in many tax preparation software packages. The software calculates the taxes and prints the return in a three-column “answer sheet” format. The applicant mails the return to IRS. Note that verifying an applicant’s data from a 1040PC is a slightly different process. The line items are numbered identically to those on a regular 1040, but the 1040PC does not contain *every* line item; rather, this form shows only the data the tax filer supplied. That is, line items appear only if the applicant used them. For example, if you

Nonresident applicants now may submit the 1040NR for verification purposes. Such persons are neither permanent residents nor U.S. citizens. This form, published by the IRS, is filed mostly by those holding temporary visas (such as an F-1 or H-1).

**1040NR
for non-
residents**

Acceptable Copies

For verification purposes, you may accept a copy (such as a photocopy, telefax, or scanned image) of the original signed return filed with the IRS. **If a fax, photocopy, or other acceptable copy was made of an unsigned return, the filer (or at least one of the filers of a joint return) must sign the copy.**

**Copy of tax
return is
acceptable**

In lieu of a copy of the original return, you may accept a tax form that has been completed to duplicate the filed return; this duplicate must contain at least one filer's signature. **Note: Signatures must be collected at the time of verification, during the applicable award year. Signatures may not be collected after the verification deadline for that award year.**

In lieu of a return the filer(s) has signed, you may also accept a paper return the tax preparer has signed or officially stamped. (Documentation from electronic returns must be signed by the filer, as explained on page 29.) In some cases, you can waive the requirement for spouse and/or parent information and signatures (see the "Exclusions from Verification" section in the previous chapter).

**Tax return
can be signed
(or stamped)
by the
preparer**

Using a Joint Return to Figure Individual AGI and Taxes Paid

For an applicant (or a dependent applicant's parent) who filed a joint return but, at the time of verification, has become widowed, divorced, or separated, you must use the joint return and determine the individual income and taxes paid. To do so, you should require a copy of all relevant IRS Form W-2s in addition to the joint return. (If a filer is self-employed or if a W-2 is otherwise unavailable, you may accept a signed statement from the filer that certifies the base year AGI and U.S. taxes paid.)

Starting with the income figures from the individual's Form W-2, add the individual's income that you have extracted from the joint return. Any interest or business income earned on joint accounts or investments should be assessed at 50 percent. (The same procedure should be used to divide business or farm losses.)

Also, if the AGI listed on the joint return was adjusted ("Adjustment to Income"), you should reduce the individual's AGI by the portion of the adjustment that applies solely to him or her. For example, if an

**Using a joint
return to
figure
individual
taxes paid**

adjustment was made for moving expenses (which applies to the couple jointly), only 50 percent of the adjustment amount can be applied against the individual's income. An AGI figure can be calculated for the individual filer, using a joint return; a signed statement from the filer, certifying that the data from the joint return were accurately assessed, is sufficient documentation for this method.

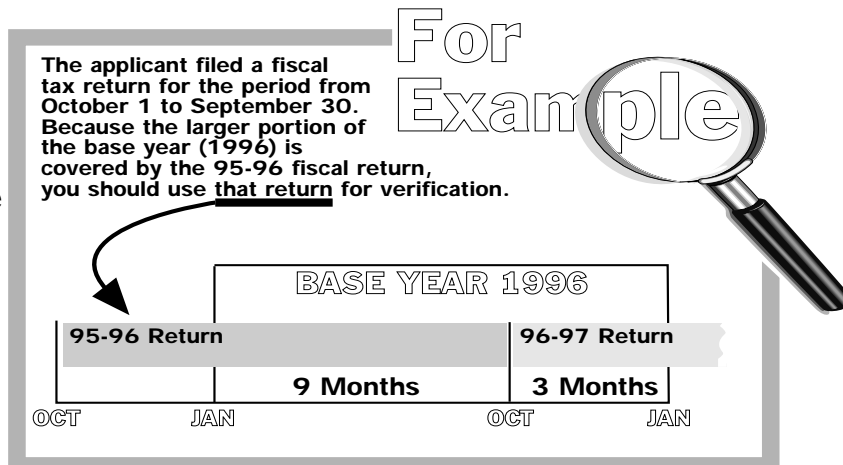
To figure taxes paid on the individual's AGI, use either of the following methods:

Tax Rate Schedule (preferred method). Using the IRS Tax Rate Schedule for the appropriate year, calculate the amount of tax that would have been paid if a separate return had been filed. Use the deduction and number of exemptions the individual could have claimed if he or she had filed a separate return. (If itemized deductions were taken, count only the portion of those deductions that could have been claimed on a separate tax return.) For example, a couple's total income was \$45,000, and they claimed three exemptions (themselves and one child). The husband earned \$28,000; the wife earned \$17,000. They have now divorced. The woman has custody of her child; her \$17,000 earnings should be adjusted to reflect the standard "head of household" deduction (\$5,900) and two exemptions totaling \$5,100 (\$2,550 each for herself and the child). The original \$17,000 minus the \$5,900 standard deduction and the \$5,100 exemptions results in \$6,000 in taxable income. Use the tax schedules to determine how much tax she would have paid on this amount, taking into account any applicable credits (see the original return for this data). This method requires the FAA to include only the amount of earned income credit (EIC) that the woman could have claimed as if she were a single filer.

Proportional Distribution. Determine what percentage of the joint AGI was attributable to the individual and then assess the joint tax paid by that same percentage. Using the example above, assume the income tax paid was \$4,646. The woman's income percentage of the total is 17 divided by 45, or .378, and her estimated tax paid would be \$1,756 (.378 x \$4,646). If there were assets that were 100 percent in the woman's name (such as a trust fund), the FAA would count 100 percent of these assets. The FAA would treat the woman's EIC using the same ratios. (The proportional calculation applies to all taxable items.)

Using a Fiscal Year Return Instead of a Calendar Year Return

If the applicant filed a tax return for a fiscal year rather than a calendar year, the applicant should report, on the FAFSA, the AGI and U.S. Income Tax Paid from the fiscal year tax return that includes the greater number of months in the base year. So, the student should submit the tax return for that fiscal year.



Alternative Documentation—If a Tax Return is Not Available

If copies of the necessary tax returns are not available, you may accept the documents listed here to verify the AGI (or income earned from work if AGI is not available) and U.S. Income Tax Paid.

Alternative Documentation
(in lieu of a tax return)

- △ Taxes Filed, Applicant Doesn't Have a Copy — IRS Letter 1722 or RTFTP
- △ Taxes Filed Electronically, Applicant Doesn't Have a Copy — IRS Letter 1722 or RTFTP
- △ Taxes Not Yet Filed, Extension Granted — W-2 or Signed Statement, and proof of extension
- △ Taxes Not Filed, Filing Not Required — Signed Statement of Nonfiler Status and Income

Taxes Filed, but Applicant Doesn't Have a Copy—IRS Letter 1722 or RTFTP.⁶ If the filer doesn't have a copy of the tax return, you may accept a copy of IRS Letter 1722 signed by the appropriate IRS regional official (stamped signatures are acceptable). IRS Letter 1722 may be obtained at local IRS district offices (**not** at regional service centers). Note that this document may not provide as much information about the applicant's financial status as does the tax return. For this reason, you may need to request supplemental documentation to complete verification. If the line item for taxes paid does not show up on Letter 1722, no taxes were paid.

**Letter 1722
may not give
enough
information**

⁶ If the IRS cannot provide a copy of the return, a Letter 1722, or an RTFTP, you may accept a copy of the IRS Form W-2 for each person whose income is listed on the application. (If a filer is self-employed or if a W-2 is otherwise unavailable, you may accept a signed statement from the filer certifying that his or her income and other appropriate information is correct.)

**RTFTP may be
used in lieu of
Letter 1722**

In some locales, IRS Letter 1722 is not available. In such cases, you may accept the RTFTP, which is a computerized summary of tax account information provided by IRS Regional Service Centers. The RTFTP is acceptable documentation for verification purposes, but the student (and at least one parent, if the student is dependent) **must sign it** to attest to its accuracy. (The only exception to this signature requirement is if the student authorizes, through Form 4506, that the RTFTP be sent directly to the school. An RTFTP sent directly from the IRS to the school **need not be signed** to be valid.)

Taxes Filed Electronically—Copy of Electronic Return. When an electronic tax return is filed, the filer also submits IRS Form 8453, **which is not suitable for performing verification.** However, you may accept electronic tax return documents that contain all information normally provided on the IRS tax return, as long as the filer has signed those documents.

Taxes Filed Electronically, but Applicant Has No Copy or Electronic Documents Not Sufficient—IRS Letter 1722 or RTFTP.⁷ If the filer has no copy of the electronic tax return documents, or they do not contain all information normally provided on the IRS tax return, you may accept a copy of IRS Letter 1722 or an RTFTP in lieu of the actual return.

Taxes Not Yet Filed, Filing Extension Granted—W-2s or Statement of Income, and Proof of Extension. If a tax return has not yet been filed and a filing extension was granted, you may accept the following alternative documentation:

- Δ copies of the relevant IRS Form W-2, *and*
- Δ one of the following items as proof that the IRS has granted a filing extension:
 - »a copy of IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return” (automatically grants the taxpayer a four-month extension beyond the April 15 deadline)
 - »a copy of the IRS approval of an extension beyond the automatic four-month extension

⁷ Again, if the IRS cannot provide a copy of the return, a Letter 1722, or an RTFTP, you may accept a copy of the IRS Form W-2 for each person whose income is listed on the application. (If a filer is self-employed or if a W-2 is otherwise unavailable, you may accept a signed statement from the filer certifying that his or her income and other appropriate information is correct.)



**Tax return
verifies most
untaxed
income**

Verifying Untaxed Social Security Benefits

You are not required to verify Social Security benefits unless you have reason to believe that benefits were received and either were not reported or were reported incorrectly. If you believe verification is necessary, the following documentation is acceptable:

- Δ documentation from the Social Security Administration showing the total amount of benefits received by the applicant and/or the applicant's spouse (if applicable) and/or the dependent applicant's parents
- Δ a statement signed by the applicant (and/or spouse and/or parents) certifying that the amount of Social Security benefits reported on the application is correct

A Tip for Verifying SS Benefits

Be sure the student reports the total amount (not the monthly amount) of benefits received in the base year—including Supplemental Security Income and benefits received on behalf of dependent children. Also, be sure the benefits were not included in the AGI.

Lastly, if the Social Security statement shows an amount deducted for Medicare, make sure that amount is included in the total benefits reported.

Verifying Child Support Received

34 CFR 668.56(a)

Signed statement in lieu of completed worksheet

You must verify child support if the applicant and/or spouse and/or parents report receiving it, or if you have reason to believe it was received. This requirement does not apply if the applicant and/or spouse and/or parents report the same amount for child support that you verified in the previous award year. If you must verify this item, a completed verification worksheet is sufficient documentation. In lieu of a worksheet, you must require a statement confirming the amount of child support received for all children in the household. The applicant—and, for dependent students, the applicant's parent—must sign this statement. If child support is paid through a government agency, a statement from that agency would be acceptable. If you have

reason to doubt the statement provided, you **should** request at least one of the following documentation items:

34 CFR 668.57

- Δ a copy of the divorce decree or separation agreement showing the amount of child support to be provided
- Δ a signed statement from the parent who provided the support, showing the amount of child support provided
- Δ copies of the canceled checks or money order receipts

Verifying Deductions for IRA and/or Keogh Plans

Payments to IRA and/or Keogh plans can be verified using the tax return. The deducted amounts are reported on lines 23a, 23b, and 27 of IRS Form 1040, or line 15c of IRS Form 1040A.

Verifying Foreign Income Excluded from U.S. Taxation

Under the IRS code, certain U.S. citizens and residents living in foreign countries are allowed to deduct some excessive foreign living expenses or to exclude a limited amount of income received for personal services rendered abroad. Though deducted for tax purposes, this amount is considered untaxed income for federal student aid purposes, and you must verify it. Excluded foreign income can be verified by using IRS Forms 2555 (line 43) or 2555EZ (line 18).

Verifying Earned Income Credit (EIC)

Earned income credit is available to eligible low-income workers and must be reported and verified. The amount can be verified from line 54 of the 1040, line 29c of the 1040A, or line 8 of the 1040EZ. Note that if parents file a joint tax return and qualify for EIC but then separate or divorce before the student files the FAFSA, the parent with whom the student lived most in the last 12 months would determine his or her portion of the EIC by using the tax rate schedule or proportional distribution calculations (see page 27).

**Low-income
workers**

Verifying Interest on Tax-Free Bonds

Interest on tax-free bonds can be verified using the tax return. Refer to line 8b of IRS Form 1040 or to line 8b of IRS Form 1040A.